

How is the Unemployment Rate Calculated?

National: At the national level, the ideal way to count the employed and unemployed would be to survey every household every month, gathering data the way the Census is taken every ten years. Obviously, there isn't enough time to do this and the cost would be outrageous. Therefore, the national labor force statistics are estimated using more practical methods.

The Bureau of the Census conducts a monthly sample survey for the Bureau of Labor Statistics (BLS) called the Current Population Survey (CPS) to measure the extent of unemployment in the country. There are approximately 55,000 eligible households in the sample. The sample is selected so as to be representative of the entire population of the United States.

Every month, about 1,500 highly trained and experienced Census Bureau employees interview persons in the sample households for information on labor force activities (jobholding and jobseeking) of all household members 16 years of age and over. The interviewer asks a series of standard questions about labor force status during the week that includes the 12th of the month, or the reference week.

On the first Friday of each month, BLS releases the national labor force statistics for the preceding month. These figures reflect an estimated count of the employed and unemployed persons for the nation, who, together, comprise the labor force. The unemployment rate is the percentage of the labor force that is unemployed.

Rhode Island: The unemployment rate does not come from a physical count of unemployed residents nor does it come from a count of all those collecting Unemployment Insurance benefits. The Rhode Island unemployment rate is derived from complex statistical formulas developed by the US Bureau of Labor Statistics (BLS). These advanced formulas rely primarily on the CPS monthly survey of a small sample of Rhode Island households. Simply put, the rate is a carefully calculated estimate. Therefore, every month there is a standard margin of error. A standard margin of error range of plus or minus 0.5 of a percentage point is not considered "statistically significant."



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